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"Protecting the U.S. Economy in a Global Age"

I am honored – and impressed – to be on stage with so many leaders from this city. And I am glad to be together with so many of you from across the community. Thank you all for being here.

It is good to see Willie Hulon, our Special Agent in Charge for Detroit. Many people probably do not realize the scope of the cases that your office investigates, from counterterrorism to corporate fraud to cyber crime. Willie, my thanks to you and to the men and women of the FBI for all you do for this city and for our country.

For years, Detroit has played a leadership role in terms of its industry and innovation, from the Model T to Motown. Today, this city is also playing a leadership role in terms of security, whether it is putting terrorist cells and supporters out of business or performing the non-stop work of protecting the border. I want to thank and recognize our federal, state, and local partners for their hard work, especially over the past two years. Without them, we in the FBI simply could not get the job done.

I realize that most speakers come to the Detroit Economic Club to talk about things like economics, manufacturing, or export growth. As you might expect, that will not be my focus today. What I can give you, however, is a slightly different perspective on the economy and what it takes to keep our economy strong.

There was an article a month ago in the Detroit Free Press that talked about signs of improvement in the nation's economy. It had an interview with a woman who owns a graphic design company in Ann Arbor. She said her business had been hit hard by 9/11 but had since rebounded. She said she was glad to hear about these positive economic forecasts. But then she added: "If something big happens again, like another 9/11, we're back to square one."

That thought captures how it is no longer possible to separate our country's economic well-being from its national security.

Businesses today not only have to contend with the brutal forces of global competition. They also face criminal and terrorist threats of such magnitude that they concern even a small business owner in Ann Arbor.

So today I want to talk about our economy and the many security threats coming at it with a speed and force we have not seen before. Then, I want to describe how the FBI is responding to these threats and

how we are working to protect the economy in this global age.

Let me start with the threats and why they concern us.

First and foremost, international terrorism. Al Qaeda and all of those who subscribe to its brand of extremism are taking direct aim at our economy like no other terrorists or criminals before them. Their goal is to destroy the United States. Assaulting our economy is a means to that end.

September 11th was the most far-reaching and most costly attack on our nation's economy. Al Qaeda would like to repeat that success. Their potential targets include shopping malls, skyscrapers, railways, and subways: whatever will cause panic and disrupt our economy.

The threats reach beyond our borders. Two months ago, on August 5th, the Marriott Hotel in nearby Sterling Heights was having a fairly routine day. Meanwhile, thousands of miles away, the Marriott Hotel in Jakarta, Indonesia, was in a state of emergency after a suicide bomber had detonated a car packed with explosives.

Why did a terrorist target the Marriott in Jakarta? One important reason is that American-owned businesses are everywhere. They are in Detroit and Dresden. They are in New York and New Delhi. Our global presence has created a world of targets.

Preventing terrorist attacks on America and on American interests overseas is the FBI's overriding priority. But the threats to our economy come from far more than just bullets and bombs. They also come from criminal industries that rob our nation of billions of dollars in potential GDP.

Theft of trade secrets and critical technologies -- what we call economic espionage -- costs our nation upwards of \$250 billion a year. The counterfeiting of U.S. goods overseas costs at least the same amount.

Organized crime has diversified into telemarketing fraud, stock manipulation, and cyber crimes. And as you might expect in a global age, organized crime is now an international force. Criminal enterprises from countries like China, Japan, Hungary, and Russia are here in the United States, siphoning billions of dollars from companies and consumers.

Today, however, one does not have to be part of a terrorist network or a criminal syndicate to do significant damage to our economy. Thanks to our increasingly interconnected world, isolated individuals can now launch attacks that cost billions of dollars and impact millions of people.

Three years ago, you may recall, a student from the Philippines developed a powerful computer virus called the "Love Bug." A few bits of code, by themselves, do not pose much of a threat. But when they are sent across a global electronic network that connects hundreds of millions of people, it sets off a worldwide chain reaction. It is like knocking over a line of dominos, only without knowing when, where, and how fast they will fall. By the time the "Love" virus had run its course, millions of systems had been disrupted. The total damages worldwide were estimated at \$8 to \$10 billion. And today, those billion-dollar attacks by individuals are even more common.

Another example of this new age of high impact crimes is corporate fraud. The Savings and Loan scandal of the late 80s and early 90s gave us a taste of how billions of dollars could be lost through a series of interconnected crimes across the financial industry. Corporate fraud scandals of the past two years have

shown us how billions can be lost by a single company.

Each month, we open a number of major cases of corporate fraud that involve manipulations of financial statements at large, publicly-traded companies. At last count, the FBI has 16 separate cases of corporate fraud in which the investors have lost at least a billion dollars. Not one, but two of these investigations represent \$80 billion crimes: Enron and Qwest. That is how much investors lost in each case because of fraud. And that does not take into account the number of jobs lost: more than 22,000 at WorldCom and thousands more at Enron and Tyco.

Eight months ago, we launched a national toll-free hotline for reporting tips and information. We have already logged nearly 2,000 calls. Over the past three years, I might add, FBI investigations have led to charges against 176 individuals, with 83 convictions and guilty pleas.

When it comes to our nation's financial health, corporate fraud is a particularly insidious crime. It erodes our trust in corporate institutions and the marketplace, thereby undermining the foundation of our economy.

In this era of globalization, attacks on our economy can do more damage, more quickly, than ever before. These attacks come from within the United States and from beyond our borders. From organized networks and from isolated players. From nation-states and from terrorist and criminal groups tied to no particular country.

Knowing what we know now, if you could go back one hundred years and start designing an agency that could handle all these threats to our economy, what would you create?

First, you would want this agency to have skilled investigators to address complex, global investigations. Experts who could determine the explosive content of a bomb in Baghdad. Agents who could match a paint chip to nearly every color of car that has rolled off the assembly lines in Detroit. Scientists who could peer into the DNA of a cell to establish guilt or innocence in a homicide case. Accountants who could analyze financial records from Dubai, Geneva, and New York.

But at the same time, you would want this agency to be able to look at the world through a wide-angle lens, seeing threats from local, national, and international perspectives. An agency that could fight traditional crimes like white collar fraud and complex threats like terrorism, espionage, and cyber crime. And an agency with the capability to fight traditional crimes and emerging global threats in tandem, recognizing that they are increasingly interconnected -- from terrorists who commit credit card frauds to finance their operations, to organized crime rings that collaborate with terrorists.

Second, this agency would have the power to arrest and investigate like any law enforcement agency. Yet, it would also operate in the complex world of intelligence, gathering countless bits of raw information, making sense of them, and using them to draw the larger picture.

Third, this agency would have partnerships across the world so it could fight crimes and threats to the economy that increasingly transcend borders. It would be equally at home working with Chief Oliver in Detroit as it would be with Bashir Wali Mohmaund, Director General of the Pakistani Intelligence Bureau.

This is the agency needed to defeat the global threats to our economy. This is the FBI of today. We are in a position to protect the economy because we straddle the worlds of both crime and terrorism. We gather intelligence and act on it. We look at threats from a broad point of view and use scientific precision to disable those threats.

Every day, we work to refine these skills. Every day we are working to build new skills.

An example is our intelligence capabilities. Reaching outside the Bureau, we have brought in a long-time expert from NSA to head up our intelligence program. Each of our field offices now has an intelligence unit that analyzes local threats. That information is then centralized in Washington to help paint the national picture. We are enhancing our ability to take a daily, system-wide snapshot of our domestic intelligence picture: what we are collecting, how we are collecting it, and where any gaps in our intelligence might lie. That is an important step in enabling us to better predict and prevent attacks.

Technology is a key to that success as well, and it is improving. We have new analytical tools that help us spot patterns in an endless sea of information. We are building databases that will integrate information across all of our cases and programs. In the near future, our Agents will move to a completely digital case system for the first time. We are also recruiting our fair share of computer wizards. Bill Gates should not get them all.

The age of global threats has also propelled the Bureau into an age of global partnerships.

One phrase you hear in the FBI these days is "the blurring of lines." The clear-cut divisions of responsibility and jurisdiction that once existed between agencies -- and even between the United States and other countries -- are becoming less and less relevant.

How do you defeat international terrorism, for example, without the help of countries such as Great Britain, Germany, Saudi Arabia, Yemen, Indonesia, the Philippines, and Kenya?

Let me give you an example of the type of international challenge we face today.

In May, a United States scientific research station in Antarctica reported to us that their systems had been hacked into and their data corrupted. They sought our help.

Normally, we send our Agents to the scene to investigate. But no aircraft would be able to land in Antarctica for another six months because of the sub-freezing temperatures. But working from a distance, our investigators were able to trace the source of the intrusion to a server in a trucking company outside Pittsburgh. From there, we identified two Romanian suspects. With the help of the Romanian authorities, they were arrested outside Bucharest shortly thereafter.

Today, cases such as these have become the rule rather than the exception for the FBI.

That is why the FBI, like many institutions, has gone global. In 1940, we established our first international office -- what we call a Legal Attaché or Legat. Today, we have 45 Legal Attachés around the world. Not only in such cities as London, Paris, and Rome. But also in places like Islamabad, Riyadh, Seoul, Moscow, and Beijing.

Increasingly, these Legats are helping to stop crime and terror from being exported to our shores. FBI

Agents today are working with counterparts in places like Romania and Russia to track down cyber criminals. They are joining forces with the Hungarian National Police to tackle organized crime syndicates. They are gathering important pieces of intelligence in Iraq and Afghanistan and hunting down terrorists in concert with partners in countries like Pakistan, Morocco, and Indonesia.

In an age where attacks on our economy come from the four corners of the globe, from the streets of Detroit to the shores of Yemen, the FBI must be able to call upon a full range of capabilities. We must combine the tools of law enforcement with the tools of intelligence to identify and disable threats. We must fight crime even as we roll up terrorist cells, using the same investigative capabilities to root out corporate fraud as we use to catch financiers wiring funds to terrorists. We must work locally, but think globally. And we must apply our unique strengths even as we share them and blend them with those of other agencies.

This is the FBI of today, and this is the future of the FBI. With the support of all of you and our many partners, we are committed to protecting this city, protecting our nation, and protecting our nation's economy in the years to come.

Thanks for having me today, and God bless.